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SENATE BILL 22

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SPECIAL SESSION, 2003

INTRODUCED BY

Sue Wilson Beffort

AN ACT

RELATING TO TAXATION; PROVIDING A TAX CREDIT FOR EMPLOYERS THAT
PAY AT LEAST SIXTY PERCENT OF HEALTH INSURANCE PREMIUMS FOR
CERTAIN EMPLOYEES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is enacted
to read:

"[NEW MATERIAL] CREDIT--EMPLOYEE HEALTH INSURANCE PREMIUMS
PAID BY AN EMPLOYER. --

A. A taxpayer who files an individual New Mexico
income tax return, who is engaged in a business and who paid at
least sixty percent of the health insurance premiums for one or
more employees of the taxpayer in the taxable year for which
the return is filed may claim a credit in an amount equal to
ten percent of the aggregate amount of such premiums paid by

underscored material = new
[bracketed material] = delete

1 the taxpayer in the taxable year.

2 B. A husband and wife who file separate returns for
3 a taxable year in which they could have filed a joint return
4 may each claim only one-half of the credit pursuant to
5 Subsection A of this section that would have been allowed on a
6 joint return.

7 C. A taxpayer who otherwise qualifies and claims a
8 credit pursuant to Subsection A of this section and who is a
9 member of a partnership or business association that is an
10 employer paying employee health insurance premiums may claim a
11 credit only in proportion to the taxpayer's interest in the
12 partnership or association. The total credit claimed by all
13 members of the partnership or association shall not exceed an
14 amount equal to ten percent of the aggregate amount of
15 qualifying employee health insurance premiums paid by the
16 partnership or association in the taxable year.

17 D. The credit provided in this section may only be
18 deducted from the taxpayer's income tax liability for the
19 taxable year for which the credit is claimed.

20 E. As used in this section:

21 (1) "employee" means a person who is employed
22 by the taxpayer during the taxable year and earns eight dollars
23 (\$8.00) an hour or less;

24 (2) "employer" means an individual or legal
25 entity employing one or more employees in New Mexico who files

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[bracketed material] = delete

1 an income tax return under the Income Tax Act; and

2 (3) "health insurance premium" means the
3 amount paid in the taxable year for the purchase of a group or
4 individual policy that provides coverage for medical services
5 and supplies on an indemnity, prepaid, managed care or other
6 basis. "

7 Section 2. A new section of the Corporate Income and
8 Franchise Tax Act is enacted to read:

9 "[NEW MATERIAL] CREDIT--EMPLOYEE HEALTH INSURANCE PREMIUMS
10 PAID BY AN EMPLOYER. --

11 A. A taxpayer that files a corporate income tax
12 return and that is engaged in a business and paid at least
13 sixty percent of the health insurance premiums for one or more
14 employees of the taxpayer in the taxable year for which the
15 return is filed may claim a credit in an amount equal to ten
16 percent of the aggregate amount of such premiums paid by the
17 taxpayer in the taxable year.

18 B. The credit provided in this section may only be
19 deducted from the taxpayer's corporate income tax liability for
20 the taxable year for which the credit is claimed.

21 C. As used in this section:

22 (1) "employee" means a person who is employed
23 by the taxpayer during the taxable year and earns eight dollars
24 (\$8.00) an hour or less;

25 (2) "employer" means a corporation employing

1 one or more employees in New Mexico that files an income tax
2 return under the Corporate Income and Franchise Tax Act; and

3 (3) "health insurance premium" means the
4 amount paid in the taxable year for the purchase of a group or
5 individual policy that provides coverage for medical services
6 and supplies on an indemnity, prepaid, managed care or other
7 basis. "

8 Section 3. APPLICABILITY. --The provisions of this act
9 apply to taxable years beginning on or after January 1, 2004.